R4E - Simplified Strategic Workforce Planning toolkit

With focus on identifying reskilling needs

R4E | Re-skilling 4 Employment

Content

What is Strategic Workforce Planning

Conducting Strategic Workforce Planning

Labor market challenges

Mega-trends reshaping the Future of Work

Strategic Workforce Planning in 4 steps

1   Assess the impact of external factors & trends

     Scenario planning and workforce modelleling

2   Identify future critical capabilities and analyze current workforce to identify skill gaps

3   Define, plan & prioritize actions to close skill gaps

     Analysis of current people plans/processes

4   Implement, monitor and adapt actions

R4E | Re-skilling 4 Employment
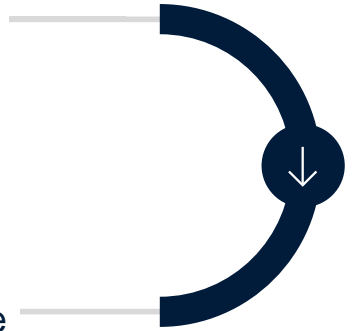
What is Strategic Workforce Planning

Strategic Workforce Planning (SWP) is a part of the organization´s strategic planning process, critical to ensure you have the capabilities needed for the future

By **procatively identifying the critical capabilites** it allows the organization to align the hiring, development and reskilling needs to ensure to maximize the impact of the organization's learning strategies

SWP ensures that you have the right capabilities, at the right scale, at the right time, in the right place – to help you build **a sustainable organization**

R4E | Re-skilling 4 Employment

Conducting Strategic Workforce Planning

There are multiple ways to design a SWP process. To have the intended effect it should be modified to suit the needs of each unique organization, dependent on its industry, structure and size.

To ensure that the **SWP process is robust** it should be conducted by people who have good knowledge about the strategic direction and possibility to influence the budget, as investments in development and reskilling programs might be needed. It s more important to gather all relevant aspects as possible in SWP than the number of people involved in the process or what roles the participants may have.

Example of roles/ perspectives participating in SWP:

- **Business leader(s)** (Leads and executes the E2E process)

- **HR** (Support and facilitation)

- **HR Recruitment**

- **HR –data/analysis**

- **Finance/budgeting**

4

R4E | Re-skilling 4 Employment
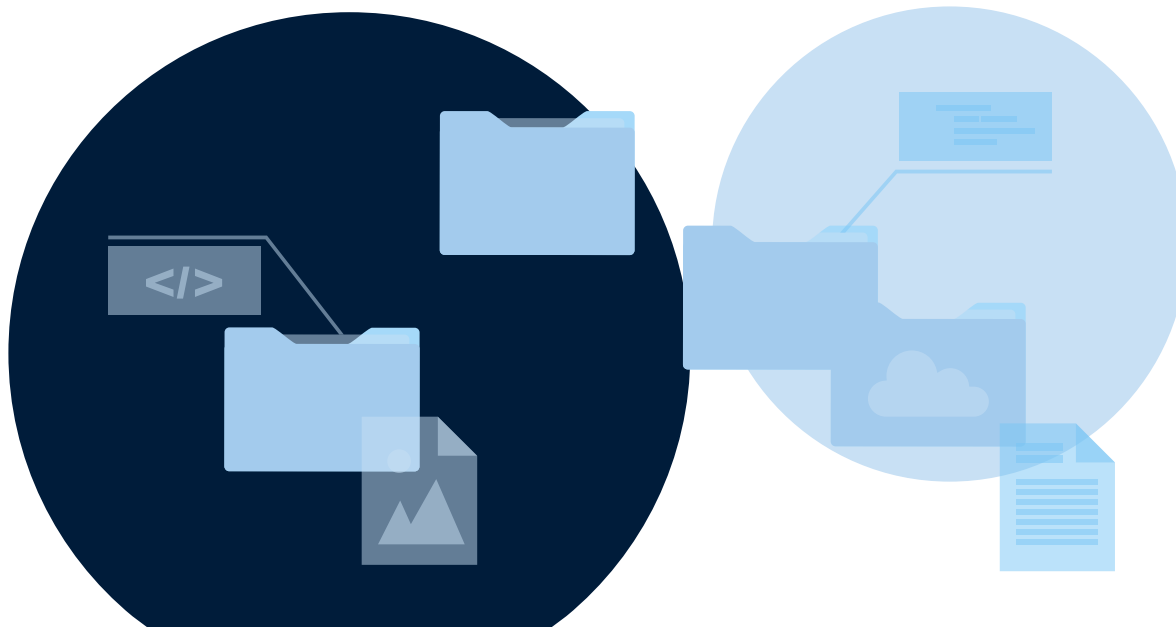
Challenges in the Swedish labor market

Talent is the #1 barrier to implementing growth strategies

1

2

3

4

5

6

1 21% of today's hours worked in Sweden is predicted to be automated over the next 10 years, which corresponds to just over one million jobs

2 At the same time, automation is expected to lead to 1.3 million new jobs by 2030

3 Other trends that further affect development are aging population, increased incomes, investments in new technology

4 Occupations that are expected to be automated to a greater degree are, for example, machine and process operators and fitters

5 The structural changes will lead to fewer people employed in certain occupational areas and the need for re-skilling will increase

6 All actors in the labor market, the education system and private sector must work together to enable lifelong learning so more people can work longer and to secure a sufficient skills supply in automation

R4E | Re-skilling 4 Employment

Mega-trends on skills and expectations in the workforce are reshaping the Future of Work …

Talent can be **the most scarce resource and the biggest challenge** to pursuing growth.

However, when done right, it can also be **the driver of change and the ultimate key to success**
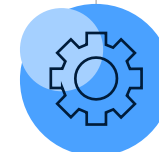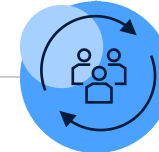
SKILLS

Automation and digitization will create **require different skills**

~40% of developed market workforce will need to **upskill significantly** or **transition occupations** in the next 10 years

TALENT GAP

Skills high in demand and low in supply are becoming increasingly expensive to employ at the same time as companies' costs for redundancies increase - which makes re-skilling a cost-effective solution

EXPECTATIONS

Younger generations bring **new expectations and demands** to the workplace, including purpose, values sustainability, and opportunities for **personal development throughout their careers**

WAYS OF WORKING

Models like **agile** are **disrupting traditional ways of working**, and the Covid-pandemic has further accelerated the development of new technique

R4E | Re-skilling 4 Employment

… however, business leaders often struggle to address key questions on the talent they need to achieve their strategy

The world of work is **changing faster** than ever before.

While we consider these questions our **skills are already declining in** future impact and **relevance**

What talent will make us competitive given our strategy and the broader, evolving market?
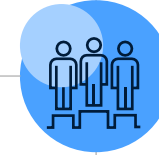
What capabilities should we prioritize, and where are opportunities to reskill?

How do forces like automation affect the people we need to drive our business?
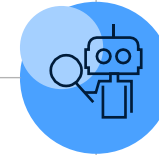
How well-suited are we to address talent needs, and do we have any critical gaps?

What training and reskilling plans should we put in place to ensure we can deliver on our business plan?

R4E Re-skilling 4 Employment

Strategic Workforce Planning – in 4 steps

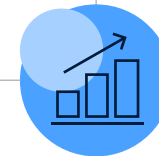**Strategic workforce planning is a step-wise process and typically includes a version of the below steps, and can be tailored to the organizations need**

4

Implement, monitor and adapt actions

- Define KPI's for each area
- Appoint "initiative owner", establish execution tracking and governance structure
- Continuous assess result against KPIs
- Adapt plans when needed

3

Actions to close skill gaps

- Attraction and new hire
- Re-skilling and development interventions
- Retention and succession planning

2

Critical capabilities, current workforce and skill gaps

Based on your business strategy;

- Identify critical capabilities that enable the strategic goals
- Analyze current workforce
- Identify skills gaps
- In addition to this other useful analyses include:
    - Availability and competition for key skills
    - Scenario planning and workforce modelling

1

External factors & trends

Assess the impact of external factors and trends that can have a large impact on the business, such as;

- Automation and digitization
- Changing customer behaviors
- Increased focus on sustainability

R4E Re-skilling 4 Employment

1 – Assess the impact of external factors & trends

Understanding an organization's environment and how this environment changes is critical for success. Because this landscape is always in flux, its shifts do not become apparent without scrutiny or until their impact is strongly felt. Early identification of critical trends and issues gives an organization the opportunity to respond proactively.

Depending on factors as industry, the predicted stability of the external environment, the time horizon for Strategic Workforce Planning can vary between different organizations (e.g., 3-5 years). The importance is is that you take a longer a longer time perspective than in your daily activities.

There are many sources of information that can be used for trend and business analysis, which are most relevant is dependent on the industry and type of business. Examples are *Yrkesprognoser* and *Yrkesguiden* at Arbetsförmedlingen, Svenskt Näringsliv, Industry organizations, SCB, Forum för omställning and Daily press.

Scenario planning, is a method that can be used to further identify alternative scenarios and assess how it would affect the organization and its critical competencies. By conducting scenario planning strengthens the organization's ability to think strategically, identify sudden changes and take necessary action.

R4E Re-skilling 4 Employment

1 – Assess the impact of external factors & trends

It is common praxis to start by ensuring that people involved in SWP have a common view of the external factors and trends that affects the organization and its employees
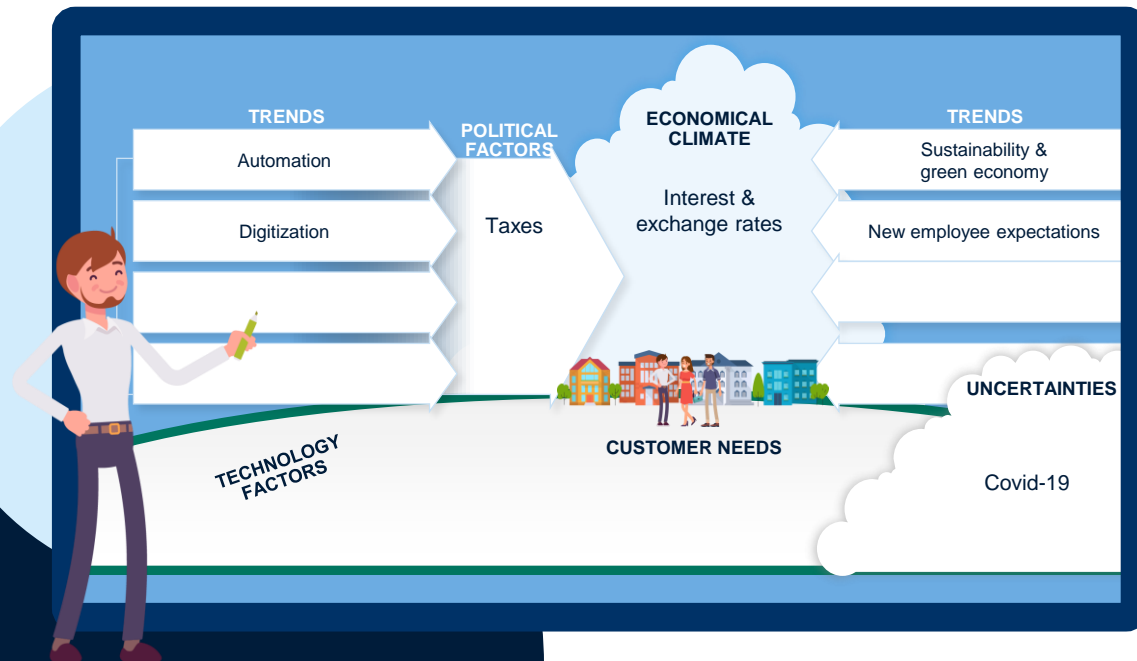
Example of step-by-step analysis of external factors

Identify the most important external factors/trends that are relevant for your business	Potential impact (positive/ negative) on the business	Potential impact (positive/negative) on the workforce
Increased automation and digitization	• Manual work in the factory will be replaced by automation	• Current factory workers at risk • Opportunities to reskill
Changing customer behaviors	• Our new e-commerce platform increases our customer base outside Sweden	• Targeted training for all customer service employees • Hire Business analyst
Increased focus on sustainability	• Enforces investments in Green technology	• Upskill current Engineers
Other	• Xxx	• Xxx

Business Scenario Planning and Workforce Modelling

Scenario planning is an optional step that can help the organization deal with uncertainty and prepare for scenarios having major impact on the business strategy and goals. Scenario planning entails establishing assumptions about the future and how the business will evolve, good or bad, due to those assumptions. Workforce Modelling is predicting the impact the scenario would have on your workforce. Results from this Scenario Planning exercise might give insights that impacts the critical capabilities or time plan identified in step 2 and 3.
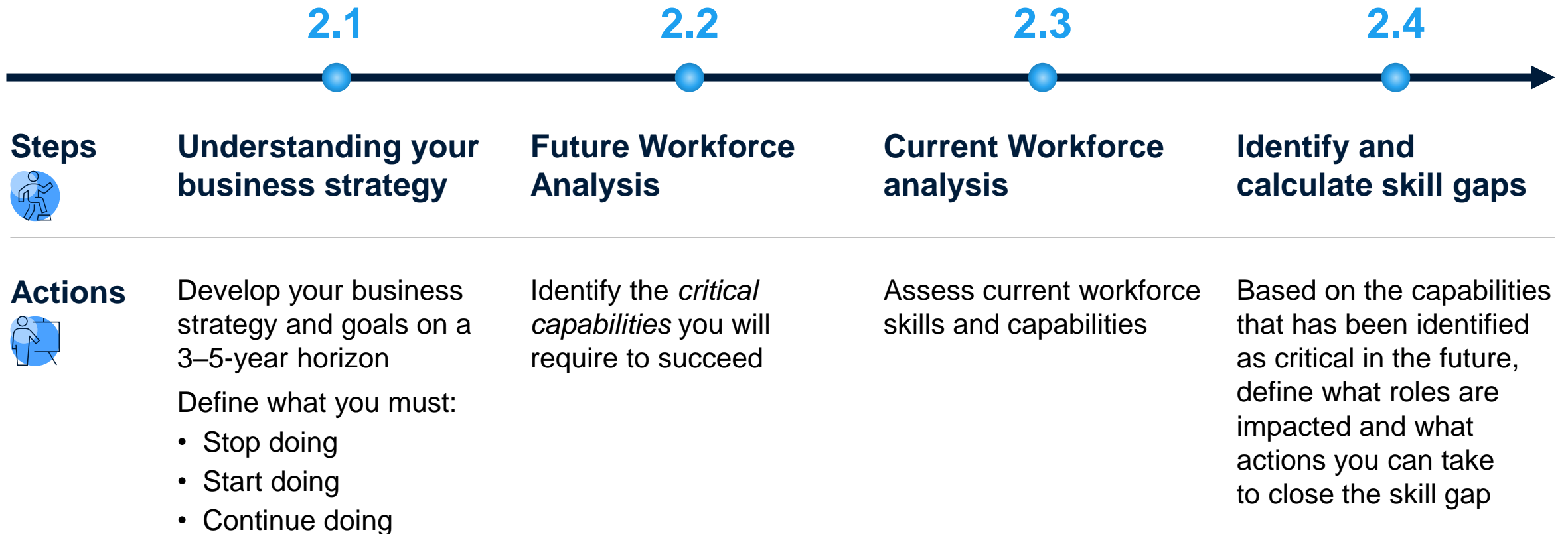
Business Scenario(s)	Impact on the business *How does the scenario impact our business and financials?*	Workforce Modelling *What is the likely impact to the current and future workforce?* *Will it change the critical capabilities?* *Will in workforce implications such as higher attrition, increased capability gaps?* *Do the scenario require changes to the organizational structure and number of employees?* *What urgent actions will need to be taken?*
Scenario 1 e.g. Product is not approved for sales…	Revenue and profit lower than projected Over capacity in the production Increased pressure on product development	Regulatory skills becomes critical, external training needed for current workforce Design training so employees from Production can step into support Product Development
Scenario 2 e.g., Customers demand Electronic Data Interchange (EDI)…	Investment in new MRP system New IT infrastructure needed	Current employees in IT upskill Data Science skills becomes increasingly critical
Scenario 3 Other…	….	….

→ Even if the envisioned **scenario** would not be realized you **will prepare** your organization to better deal with any **unforeseen events**

R4E | Re-skilling 4 Employment

2. Analyze current and future workforce

After assessing external trends affecting your business it is helpful to follow the below steps to identify key capabilities and skill gaps in your organization

	2.1	**2.2**	**2.3**	**2.4**
Steps	**Understanding your business strategy**	**Future Workforce Analysis**	**Current Workforce analysis**	**Identify and calculate skill gaps**
Actions	Develop your business strategy and goals on a 3–5-year horizon Define what you must: • Stop doing • Start doing • Continue doing	Identify the *critical capabilities* you will require to succeed	Assess current workforce skills and capabilities	Based on the capabilities that has been identified as critical in the future, define what roles are impacted and what actions you can take to close the skill gap

R4E Re-skilling 4 Employment

2.1 Understanding your business strategy

ILLUSTRATIVE EXAMPLE

The first fundamental step is to articulate your business strategy, i.e., where do you want to be in 3-5 years. Below is a simple example of what this could look like

What does your business strategy and goals look like on a 3–5-year horizon?

- Become the Nordic region's leading producer of machine components through shortened lead times and minimized production errors

- Increase customer inventory by 50%
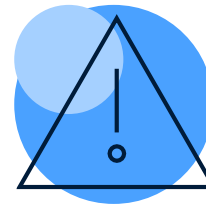
What must we stop/start/ continue doing to be successful?

- Minimize manual work in production

- Establish a new production facility with increased automation

- Continue to build B2B self-service platform

- Develop CRM system integration

R4E Re-skilling 4 Employment

2.2 – 2.4 Workforce Analysis and skill gap identification

ILLUSTRATIVE EXAMPLE

Identify future *critical* capabilities and define which roles are impacted, as well as what measures you need to take to bridge the skill gap.
The capabilities where demand is expected to increase combined with low supply in the market potentially results in a critical skills shortage and high costs for unfilled vacancies, unexpected salary increased and new hire.
All opportunities for development and reskilling of current workforce should be considered closely.

2.2 Critical capabilities

What *critical* skills and capabilities are needed to achieve business strategy	Capability required from	Reason for capability being *critical*	Capability level required
Production technology	Now	Automation of production	HIGH
Lean production	2023	Reduce lead times	MEDIUM
IT and automation	Q2-2024	Establish new production technology	MEDIUM-HIGH
Quality control	Q2-2022	Reduce quality defects in produced products	MEDIUM

2.3 Current workforce

Current roles impacted	Does the capability need new roles?
Production Operator	Production and automation Operator
Production Operator	---
IT	Data scientist Software developer
Production controller	Production controller with automation skills

2.4 Skill gaps

Possibility to reskill and develop current workforce	Identification of Training interventions	Market availability	External hire needed
YES	3 months external training at 50%	LOW	NO
YES	Intern kompetensutveckling	MEDIUM	NO
NO		MEDIUM	YES
YES	Externt utbildningsprogram)	HIGH	NO

→ The purpose of this step is not to do a full capability map of every skill and role. Maintain the strategic perspective and focus on the competencies you consider to be critical to meet the business goals.

R4E — Re-skilling 4 Employment

3. Define, plan & prioritize actions to close skill gaps

After identifying your skill gaps – use these guiding principles to define, plan and prioritize your actions to bridge the skill gaps. In addition, ensure your current People plans and processes are effective and fit for purpose, se example at next page

What actions are most suitable?

Hire

- When the talent gap for the capability is critical and needs to be bridged soon
- When there is sufficient supply in the external market/you need to increase the overall headcount
- When re-skilling current employees is not a feasible option

Reskill & Develop

- When the demand is expected to be high, and the market supply is expected to be low
- When repetitive tasks can be automated and free up working hour for more value adding work
- When there are employees with relevant skills that can be further developed or re-skilled
- Where there is sufficient lead time and ROI to close the capability gap
- When there is a risk of current workforce skills becoming obsolete and making employees redundant

Re-skilling and employee development strategies makes your company more attractive and secures a competitive and sustainable workforce

R4E Re-skilling 4 Employment

3. Analysis of current people plans/processes

In addition to prioritizing actions to bridge the skills gap, a simple SWOT analysis can be performed to discover opportunities for improvement within your current HR plans / processes. For example, you may realize that your Learning efforts are not optimally designed for your business strategy and need improvement or redesign to have the required impact.

HR Plan/ process	S Strengths	W Weakness	O Opportunities	T Threats
Recruitment & Demand planning	The time from advertising to filling vacancies has significantly improved	The quality of introduction and training of new employees depending on the hiring manager	Automate communication to both candidate and recruiting manager to ensure the quality of the process	Skills shortage on the market
Learning & Development	85% of our employees are satisfied or very satisfied with the development programs we offer	Lack of impact assessment; do our development programs support the business's long-term growth strategy?	Collaborate with other companies for design of development programs	High cost per participant in the development programs
Compensation & Benefits	Categorization of services and salary structure is in place	Difficult to find relevant market salary data to ensure that our compensation is competitive	Implement flexible benefits that so the individual can design their own package	High demand for critical capability leads to salary increases in excess of the budget
Workforce composition & employee satisfaction	Current organizational structure enables our growth strategy	Our workforce composition does not reflect the diversity of the society we operate in	Deeper analysis of employee survey results to understand employee views	High turnover amongst Early Talent, average tenure < 3 years
Other	xxx	xxx	xxx	xxx

R4E Re-skilling 4 Employment

4. Implement, monitor and adapt actions

Create a clear structure to ensure implementation and follow-up so the measures have the intended effect

Appoint initiative owner

Set up execution tracking infrastructure and governance

Log and track the actions that are taken to close the talent gap

Measure and track against KPIs to confirm that the actions are having the intended impact

Refine actions as you progress on knowledge and strategic goals changes

R4E | Re-skilling 4 Employment

4. Action plan tracker - example

To follow up on the progress and hold people accountable a simple tracker can be put together. It is preferred that the leadership team revisits the tracker on a regular basis and agrees on what adjustments are needed

Lever	Skill/role	Next steps	Owner	KPI:s	Current progress	Deadline	Refine actions?
Hire	IT & Automation	Market the open positions internally and improve internal job application portal to encourage more employees to apply	Recruitment: John Doe	#of internal applicants	On-track	Q1/23	…
	Lean	Revisit comp and bands for Lean roles to stay competitive in the market	Comp & Ben: John Doe	% difference to market compensation	Behind schedule	Q2/22	More budget required
Reskill & develop	Production Technology	Identify relevant external training providers	Training & Development: Jane Smith	#of employees enrolled in external programs	On-track	Q3/23	…
	Learning& Development Process	Perform assessment to validate that our development programs have the intended impact	Training & Development: Jane Smith	Present result to Leadership team Q3/21 – include in budget 2022	On-track	Q3/22	…
	Lean	Identify possibilities for internal development programs	Training & Development: Jane Smith	% difference to market compensation #of employees enrolling in internal development	Behind schedule	Q2/22	…

R4E
Re-skilling 4 Employment